Department of Public Health and Human Services MEDICAL ASSISTANCE	Section: RESIDENTIAL MEDICAL INSTITUTIONS Subject: Post-Eligibility Treatment of Income for Institutionalized Spouses

Supersedes: MA 904-2 (07/01/07); Bulletin MA-85 (05/30/07)

►**References:** 42 CFR 435.725 and .832; ARM 37.82.101, .1320; 42 U.S.C. 1396r-5; General Appropriations Act of 2007 (DP 22904)

GENERAL RULE—An institutionalized married spouse's gross monthly income, minus allowable deductions, must be applied toward the cost of the institutional care if Medicaid is contributing to the cost of the institutional care. This budgeting process is known as “Step 2” of the institutional budgeting process. An institutionalized married spouse's incurment is budgeted according to a different method if Medicaid is not contributing to the cost of care. (See MA 904-6) Allowable income deductions when Medicaid is contributing to the cost of institutional care may include:

NOTE: Total deductions may not exceed the institutionalized spouse's gross income.

1. Up to $65 of gross earned income;

   NOTE: Blind/disabled work expenses do not apply in post-eligibility treatment of income.

2. A personal needs allowance of:

   a. up to $90 for a veteran or the spouse of a veteran who is receiving Veterans benefits; or

► b. $50 (or the amount of the individual’s remaining income, if less than $50).

3. Incurred medical or remedial care expenses of the institutionalized spouse, including health insurance premiums.

   NOTE: Nursing home residents who are medically needy eligible, but not QMB or SLMB eligible must have their Medicare Part B

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premium entered on the EXPE screen using code 'MB'.

4. A community spouse income maintenance allowance;

   NOTE: This deduction is allowed unless specifically refused by the institutionalized spouse. Funds must actually be transferred to the community spouse in order to be deducted.

5. Family maintenance allowance;

   NOTE: When working in TEAMS, the family income maintenance allowance must be manually calculated and then entered onto the EXPE screen using code 'FD'. The family income maintenance allowance will be automatically calculated by CHIMES.

6. Court-ordered child support actually paid (see MA 601-3); and

7. Court-ordered alimony actually paid (see MA 601-3).

INCURRED MEDICAL EXPENSES

Certain medical expenses can be deducted from an institutionalized spouse's income when determining liability toward cost of care.

► **NOTE:** Incurred medical expense deductions are not allowed for nursing home expenses incurred prior to the institutionalized spouse establishing eligibility for Medicaid institutional coverage or incurred during an asset transfer penalty period.

Deductible medical expenses incurred prior to the initial month of Medicaid eligibility or entry into an institution, whichever is later, include medical or remedial care expenses which:

a. were incurred during the three months prior to application or nursing home coverage request date;
b. were unpaid at the time of application or nursing home coverage request date;

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c. are not payable by a third party, and

d. were not previously used to meet an incurment or to offset the individual's obligation toward cost of care in a previous month.

Incurred medical expenses are allowed for a maximum of three months or until expenses are paid in full, whichever comes first. Allowable medical expenses incurred prior to Medicaid application must be reported and verified during the time period in which they are eligible to be allowed as expenses. See MA 703-1 for limitations on medical expenses.

Deductible medical expenses incurred during Medicaid eligibility periods include the following expenses:

1. Health insurance premiums (including Medicare);

2. Medical expenses incurred while in the institution that are:

   a. prescribed by a physician;
   b. not Medicaid covered services;
   c. not payable by a third party; and
   d. subject to the limitations outlined in MA 703-1.

NOTE: Items such as eye drops, procedure gloves, wipes, etc., are included in the Medicaid payment to the nursing facility as part of Medicaid-covered services, and cannot be billed separately to the nursing home resident.

Medical expenses incurred after application must be reported in a timely manner (within 10 days of knowing of the expense).

SPOUSAL INCOME MAINTENANCE ALLOWANCE
►

The community spouse income maintenance allowance is the lesser of:

1. $ *to be announced* less the community spouse's own total gross monthly income (see "Income Attribution" in MA 500); or

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► **NOTE:** The community spouse's total gross income is the total of all income received by the community spouse from all sources; no income is exempted, excluded, or disregarded and no deductions apply. Total gross income will include income such as SSI and Native American income.

2. A combination of:

   a. Shelter expenses for the community spouse's principal residence which exceed the basic shelter allowance of $514; **plus**

   b. The basic needs standard of $1712; **less**

► c. The community spouse's own <u>total gross income</u> (see "NOTE under #1).

NOTE: **The institutionalized spouse or representative is required to report changes to the community spouse's income within ten (10) days.**

<u>Example</u>: The community spouse's gross income is $600, the mortgage payment is $450 (including taxes and insurance), plus there are heating expenses.

Calculation 1:

► Maximum spousal standard $ *to be announced*
Spouse's gross income - 600
Maximum spousal allowance $ *tbd*

Calculation 2:

Shelter expenses $ 450 (mortgage)
+ 399 (utilities)
Basic shelter allowance - 514
Excess shelter expense 335↓
Basic needs standard +1712
Community Spouse
Maintenance needs $2047
Gross income - 600

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Spousal allowance $1447

Since the spousal allowance in Calculation 2 ($1447) is less than the spousal allowance in Calculation 1 ($*tbd*), the community spouse is entitled to $1447 per month in spousal income maintenance allowance.

SHELTER EXPENSES

Allowable shelter expenses (see "Spousal Income Maintenance Allowance" above) include:

1. Rent or mortgage (including principal and interest) payments.

2. Real estate taxes and homeowner's insurance.

   NOTE: Real estate taxes and homeowner's insurance may be prorated as a monthly amount. If prorated, this information must be included on the notice.

3. Maintenance charges for a condominium or cooperative, or homeowners' association fees. AND,

4. Utilities (if paid separately).

UTILITY EXPENSES

When the community spouse is responsible for major heating/cooling costs, allow a standard utility allowance (SUA) of $399. The SUA is an allowance for all utilities, including garbage, phone, water, lighting, heating, cooling, etc.

If the community spouse is not responsible for a major heating/cooling cost, but does have a telephone, the telephone standard allowance of $32 per month may be used.

Actual utility expenses cannot be used in any case, regardless of whether the community spouse is or is not responsible for a major heating/cooling cost. If, for example, the community spouse is responsible for electric (not heating or cooling) and water, but not for heating/cooling or telephone, there is no utility expense allowed.

FAMILY

The maximum maintenance needs allowance for each

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ALLOWANCE

additional dependent family member is equal to one-third of the difference between the basic needs standard of $1712 and the family member's gross income.

Dependent family members who are potentially eligible for family maintenance allowance are limited to children, parents or siblings of the institutionalized spouse or the community spouse who continue to reside with the community spouse and can be claimed as dependents for tax purposes. Family maintenance allowance cannot be allowed for family members who are receiving Medicaid HCBS waiver services or are institutionalized.

Example: The community spouse's dependent mother has gross income of $600 per month.

Basic needs standard:	$ 1712
Income:	- 600
	$ 1112
Calculation:	$ 1112
	÷ 3
Family maintenance allowance:	$ 370.67

The family maintenance allowance must be manually calculated and entered onto TEAMS. Enter the allowance on the expense (EXPE) screen using code 'FD'. The family maintenance allowance will be automatically calculated by CHIMES.

A person can only be claimed as a dependent family member by one Medicaid recipient for purposes of a family maintenance allowance.

FAMILY CONTRIBUTION TO FACILITY

If a Medicaid applicant/recipient's family (or anyone else) pays an additional amount directly to the institution to upgrade the person from a semi-private to a private room, the additional payment is not considered in-kind income for shelter. Expenses paid to a residential medical facility are medical expenses.

NOTICE

The husband and wife must each receive notice of the institutionalized spouse's applicable deductions. Each spouse has the right to appeal the allowance determination.

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The institution must receive notice of the patient's obligation toward cost of care only.

PROCEDURE

Responsibility		ACTION
Applicant or Representative	1.	Complete HCS-250 or HCS-245 application, appear for an interview with the eligibility case manager (if requested/needed), and provide required verification.
	2.	Request preadmission screening.
Mountain Pacific Quality Health Foundation	3.	Provide the eligibility case manager and the facility with SLTC- 61, "Screening Determination", indicating whether the applicant's placement in the facility is authorized.
Eligibility Case Manager	4.	If placement is not authorized by the Mountain Pacific Quality Health Foundation, deny institutional coverage.
	5.	If the placement is authorized and the applicant meets all other non-financial eligibility criteria, determine financial eligibility.
	6.	Document case file (include SLTC-61, "Screening Determination", plus other non-financial and financial verifications).
	7.	Notify the applicant and the spouse of the eligibility determination.
	8.	If eligible, notify the medical institution of the recipient's obligation toward cost of care.
	9.	Transfer the case to the county where the medical institution is located, if requested by recipient or authorized representative (see MA 103-1).

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